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No. 15-446

IN THE

Supreme Court of the United States

CUOZZO SPEED TECHNOLOGIES, LLC,

Petitioner,

v.

MICHELLE K. LEE, UNDER SECRETARY OF COMMERCE FOR INTELLECTUAL PROPERTY AND DIRECTOR, PATENT AND TRADEMARK OFFICE,

Respondent.

ON PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

BRIEF OF *AMICUS CURIAE* INTELLECTUAL PROPERTY OWNERS ASSOCIATION IN SUPPORT OF NEITHER PARTY

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INTEREST OF *AMICUS CURIAE*

The Intellectual Property Owners Association (IPO) is a trade association representing companies and individuals in all industries and fields of technology who own or are interested in intellectual property rights.[1] IPO's membership includes more than 200 companies and over 12,000 individuals who are involved in the association either through their companies or as inventor, author, executive, law firm, or attorney members. Founded in 1972, IPO represents the interests of all owners of intellectual property. IPO regularly represents the interests of its members before Congress and the United States Patent and Trademark Office (USPTO) and has filed amicus curiae briefs in this Court and other courts on significant issues of intellectual property law. The filing of this brief was approved by the IPO Board of Directors. A list of IPO Board members can be found in the Appendix.[2]

As owners of intellectual property, the members of IPO believe that intellectual property rights promote the innovation, creativity, and investment necessary to address major global challenges and improve lives. We strive to maximize innovation across

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[1] No counsel for a party authored this brief in whole or in part, and no such counsel or party made a monetary contribution intended to fund the preparation or submission of this brief. No person other than the *amicus curiae* or its counsel made a monetary contribution to its preparation or submission. Cuozzo consented to the filing of this brief via blanket consent letter filed on October 29, 2015. Respondent provided written consent for this brief submitted herewith.

[2] IPO procedures require approval of positions in briefs by a two-thirds majority of directors present and voting.

all industries and improve lives throughout the world by fostering high quality rights and effective, harmonized systems to obtain and enforce them, on behalf of all our members.

IPO's corporate membership constitutes companies with valuable patent portfolios protecting their investment in research and development, as well as significant patent litigation dockets with claims of infringement lodged both by and against them. They also are engaged in numerous *inter partes* reviews (IPRs) as petitioners and patent holder respondents. As such, IPO provides an important perspective on the development and enforcement of patent rights before both the USPTO and the courts

INTRODUCTION AND SUMMARY OF ARGUMENT

IPO supports granting Cuozzo's Petition for a Writ of Certiorari to address the following question presented:

> Whether the court of appeals erred in holding that, in IPR proceedings, the Board may construe claims in an issued patent according to their broadest reasonable interpretation rather than their plain and ordinary meaning.[3]

This question addresses a legal issue that not only impacts the validity of thousands of patents currently the subject of IPR proceedings, but also the value of many more patents protecting significant investments in research and development across all indus-

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[3] IPO has no opinion on the remaining question presented in Cuozzo's petition for Writ of Certiorari.

tries, as such patents are subject to IPR challenges throughout their lifetimes.

This Court frequently addresses Federal Circuit opinions that create special standards for patent cases, and reconciles them with broader legal concepts. The issue presented in this petition is just such a question: whether traditions created by the USPTO in conducting examination and reexamination of patent applications and patent claims control interpretation of the American Invents Act (AIA), which creates a wholly new adjudicatory IPR proceeding designed as a surrogate for district court patent litigation.

In the present case, the Federal Circuit held that the Director of the USPTO has the authority to set the standard for claim construction in IPR proceedings. *In re Cuozzo Speed Techs., LLC*, 793 F.3d 1268, 1279 (Fed. Cir. 2015) (*Cuozzo I*). The panel majority based its reasoning in large part on the USPTO's tradition of applying the broadest reasonable interpretation (BRI) standard in examination and reexamination proceedings. This result is not authorized by the AIA. In enacting the AIA, Congress expressly intended to overcome the shortcomings of *inter partes* reexamination, which used the broadest reasonable interpretation standard, with new adjudicatory proceedings, including IPR. Congress abolished inter partes reexamination in its entirety, established new procedures for IPR proceedings, and limited the Director's rule-making authority to procedural matters. As a result, the new IPR proceedings are an adjudicatory surrogate for district court litigation where claims cannot be amended as of right, unlike reexaminations. There is no basis for USPTO

traditions in unrelated reexaminations to overwhelm the clear congressional intent that IPR proceedings would not be conducted using traditional reexamination rules.

Inter partes reviews have made the Patent Trial and Appeal Board (PTAB) a fast growing forum for adjudicating patent validity. The PTAB's use of the broadest reasonable interpretation standard in place of the judiciary's long-standing plain and ordinary meaning standard means that the same patent can have two different sets of boundaries in parallel proceedings adjudicating validity, namely proceedings before the PTAB and a district court. This result is illogical and casts a shadow of uncertainty over the value of research and development and patent portfolios resulting from that research and development, because investors cannot reliably predict the extent of their property rights.

Granting Cuozzo's petition for a Writ of Certiorari is needed to clarify whether the Federal Circuit's special reliance on USPTO claim construction traditions in reexamination proceedings is proper here. Further judicial scrutiny must be applied to determine whether such traditions can trump Congress' decision not to provide the USPTO with authority to create substantive rules, such as the one at issue in this case regarding the Director's authority to set claim construction standards for wholly new IPR proceedings.

ARGUMENT

I. IT IS IMPERATIVE TO DETERMINE THE CORRECT CLAIM CONSTRUCTION STANDARD IN THE NEWLY CREATED IPR PROCEEDING

A. Supreme Court Review Traditionally Has Corrected the Course of Patent Jurisprudence When Special Rules Emerge to Create Unnatural Results, Such as Those in *In Re Cuozzo Speed Technologies.*

When the Federal Circuit has modified long standing legal principles for use in patent matters, this Court has stepped in to ensure that rules for patent law do not unnecessarily stray from general jurisprudence. Like any other body of law, patent law must respect governing doctrines that frame its application by courts.

For example, in *Teva Pharmaceuticals USA, Inc. v. Sandoz, Inc.*, 135 S. Ct. 831, 836 (2015), this Court vacated and remanded because the Federal Circuit applied *de novo* review to all aspects of the district court's claim construction, including the determination of subsidiary facts. The Court explained that Federal Rule of Civil Procedure 52 requires that courts of appeals "must not set aside" a district court's factual findings unless they are clearly erroneous. The "Federal Circuit reviews the claim construction decisions of federal district courts throughout the nation, and we consequently believe it important to clarify the standard of review that it must apply when doing so." *Id.* at 836-37. The Court found that *Markman* "did not create an exception from the ordinary rule governing appellate review of factual matters." *Id.* at 838.

In *eBay, Inc. v. MercExchange, LLC*, 126 S. Ct. 1837 (2006), this Court vacated and remanded a case involving special patent rules applied to the grant of injunctions. The Court declared that the Federal Circuit "articulated a 'general rule,' unique to patent disputes, 'that a permanent injunction will issue once infringement and validity have been adjudged.'" *Id.* at 1841. This Court found that "the Court of Appeals erred in its categorical grant of such relief." *Id.* The familiar principles of deciding whether to grant or deny a permanent injunction "apply with equal force to disputes arising under the Patent Act." *Id.* at 1839.

In the present case, the Federal Circuit upheld the use of the broadest reasonable interpretation claim construction standard in adjudicative IPR proceedings. *Cuozzo I* at 1279. Then, it denied *en banc* review. *See In re Cuozzo Speed Techs., LLC*, 793 F.3d 1297, 1298 (Fed. Cir. 2015) (*Cuozzo II*). As in *Teva* and *eBay*, in which this Court vacated and remanded, the Federal Circuit reached its decision in *Cuozzo I* by again applying special rules.

The *Cuozzo I* majority held that the Director of the USPTO has the authority to set the standard for claim construction, based in large part on the USPTO's tradition of applying the broadest reasonable interpretation standard in the examination of patent applications and reexamination of patents. *Cuozzo I* at 1277. This tradition, however, is not applicable here. 35 U.S.C. § 316, which authorizes the Director to prescribe regulations, does not allow the Director to create substantive legal standards, such as the construction of claims as required by the invalidity analysis. The *Cuozzo I* panel "decision ignores

the usual rule that, '[o]rdinarily, Congress' silence is just that—silence.'" *Cuozzo II* at 1299 (Prost, J., dissenting). As Chief Judge Prost articulated in her dissent from denial of *en banc* review, "[t]he panel majority holds that 'Congress implicitly approved the broadest reasonable interpretation standard in enacting the [AIA]' This conclusion cannot stand, as it does, on a silent statute, a contrary legislative history, and a line of case law that counsels an opposite result." *Id.*

Moreover, using special rules to foist USPTO tradition into IPRs leads to a conflicting result that patents have two "proper" boundaries at the same point in time—one in a district court suit for patent infringement based on the plain and ordinary meaning standard and another in the PTAB based on the broadest reasonable interpretation standard. A patent claim, however, like any other piece of property, cannot logically have more than one "proper" boundary. Indeed, it has long been black letter patent law that the claims of issued patents must be interpreted the same for purposes of determining invalidity and infringement. *See, e.g. Peters v. Active Mfg. Co.*, 129 U.S. 530, 537 (1889) ("[t]hat which infringes, if later, would anticipate, if earlier"); *White v. Dunbar*, 119 U.S. 47, 51 (1886) (a patent claim is not "a nose of wax which may be turned and twisted in any direction").

B. This Standard Creates Material Uncertainty About Use of Patents to Protect Research and Development Investments

1. *Inter Partes Review Has Emerged as a Dominant Method of Invalidating Patents*

In *inter partes* reviews, the PTAB, a new adjudicatory body, serves as a surrogate for district court litigation of patent validity "to review the validity of a patent in a court-like proceeding." *Cuozzo I* at 1284 (Newman, J, dissenting) (citing H.R.Rep. No. 112–98, pt. 1, at 68, 2011 U.S.C.C.A.N. 67, 92.) *Inter partes* reviews are becoming the vehicle of choice for challenging a patent's validity. The volume of IPR petitions exceeds original expectations and far surpasses the use of reexaminations. Litigation defendants commonly file an IPR to shift the forum for adjudicating patent validity. In just three years, the landscape for scrutinizing the validity and value of patents covering billions of dollars of research and development has changed dramatically.

Before IPRs were an option, parties challenged patents at the USPTO through (1) *ex parte* reexamination, which proceeded essentially as an extension of the patent's original *ex parte* examination; or (2) *inter partes* reexamination, which allowed the challenger to take an adversarial role in the process. Brian J. Love & Shawn Ambwani, *Inter Partes Review: An Early Look at the Numbers*, 81 U. Chi. L. Rev. Dialogue 93, 95 (2014). These proceedings used the broadest reasonable interpretation standard to construe claims. *See Cuozzo I* at 1287-88 (Newman, J., dissenting). However, reexamination developed a reputation for lengthy delays, a lack of decisive results, and a permissive attitude toward claim

amendment that led some in the patent bar to view reexamination as a vehicle to strengthen their patent rights *post hoc*, rather than as a tool for possible infringers. *Love and Ambwani* at 95.

The AIA replaced the existing regime of *inter partes* reexamination with *inter partes* review. The new legislation mandated a shorter time to completion and assigned reviews to the PTAB – not the corps of USPTO examiners. Legislators hoped these modifications would transform *inter partes* administrative patent challenges into an inexpensive, efficient litigation alternative. *Id.* at 96. In short, reexamination and *inter partes* review bear little resemblance to each other.

Since the September 2012 inception of the IPR program, patent challengers have filed 3,578 IPR petitions.[4] This far outpaces use of the *inter partes* reexamination system, which saw only 1,919 petitions between 2000 and 2013.[5] As of September 30, 2015, 2,311 IPR petitions had been filed and ruled upon at the institution stage, and 645 (28% of the total institution decisions) had been denied institution. *USPTO IPR Data, p. 7.* 2,059 of the IPR petitions have reached a final disposition. Of the 575 petitions that proceeded through completion of trial without settlement, only 4% of trials (76 cases) concluded with all claims intact. *USPTO* IPR *Data, p. 9.* And,

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[4] U.S. Patent and Trademark Office Oct. 27, 2015, online at http://www.uspto.gov/sites/default/files/documents/2015-09-30%20PTAB.pdf (visited Oct. 27, 2015) ("*USPTO IPR Data*").

[5] U.S. Patent and Trademark Office Oct. 27, 2015, online at http://www.uspto.gov/sites/default/files/documents/inter_parte_historical_stats_roll_up_EOY2014.pdf (visited Oct. 27, 2015) ("*USPTO IPRX Data*").

amended claims are virtually non-existent, as the USPTO has interpreted the AIA as providing patent owners only with the right to file a motion seeking to amend claims, not with any right to have amended claims considered during the IPR. *See Cuozzo I* at 1287-88 (Newman, J., dissenting). By stark contrast, in *inter partes* reexamination, patent holders emerged with the same claims or amended claims 69% of the time. *USPTO IPRX Data.* In *ex parte* reexamination, 88% of petitions resulted in amended or unchanged claims.[6] At bottom, the results to date show that *inter partes* reviews invalidate and cancel claims in a way never seen in the reexamination process, where new amended claims are a common occurrence.

Since 2012, patent defendants have filed a growing number of motions to stay litigation pending the results of an *inter partes* review. A picture is developing in which parties strategically shift forums from district court to the USPTO. Aashish Kapadia, *Inter Partes Review: A New Paradigm in Patent Litigation*, 23 Tex. Intell. Prop. L.J. 113 (2015). The trend toward requesting stays in litigation is apparent, with an average grant rate between 60-70%. *Id.* at 131.

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[6] U.S. Patent and Trademark Office Oct. 27, 2015, online at http://www.uspto.gov/sites/default/files/documents/ex_parte_historical_stats_roll_up_EOY2014.pdf (visited Oct. 27, 2015).

2. The Standards Applied in IPR Significantly Impact a Company's Ability to Protect its Product Development Investments.

The standards applied to adjudicate patent validity are critical in analyzing whether inventions in a new product can be protected through patent protection and enforcement. Given the number of review petitions filed since the creation of IPR in 2012, it must now be considered a dominant force in adjudicating patents and rendering them invalid. Reexamination has never played this role, given the high rate of patents emerging with amended or unchanged claims. In fact, the results from IPR proceedings to date suggest that the validity standards applied in IPRs are the most important factors to consider, given the propensity of these proceedings to invalidate patents.

To date, the district court approach to assessing invalidity has weighed at the forefront of the analysis when assessing the likelihood of successful patent enforcement. In prior art based invalidation under 35 U.S.C. §§ 102 and 103, the claim construction rules play a critical role in the invalidity analysis. The plain and ordinary meaning claim construction standard has developed over a longstanding body of jurisprudence and provides a well-developed framework, like the legal principles addressed by this Court in *Teva* and *eBay*. The advent of IPR proceedings as a dominant vehicle for adjudicating patent validity using the broadest reasonable interpretation standard from the reexamination paradigm presents a sea change in patent jurisprudence in this country, given the track record of patent challenge success at the PTAB.

C. Supreme Court Review of the *Cuozzo I* Decision is Necessary to Determine Whether Patent Examination Traditions Dictate Invalidity Analyses in New Adjudicatory IPR Proceedings

The broadest reasonable interpretation standard is designed for patent examination and reexamination proceedings as a procedural mechanism for helping define the boundaries of a patent claim during the back and forth applicant-examiner discussion during the prosecution of a patent application and during reexamination or reissue. "The purpose of construing claims broadly during examination is to restrict or clarify the applicant's proposed claims, not to broaden them" so they can be invalidated. *Cuozzo I* at 1286 (Newman, J., dissenting) (citation omitted). "The 'broadest' protocol aids the applicant and the examiner in defining claim scope during prosecution. It is not a claim construction on which substantive legal rights of validity or infringement are based, or are intended to be based." *Id.* Yet, this is exactly how the broadest reasonable interpretation construction has been wielded in *inter partes* review, with great impact on patent portfolios.

The Director's authority to empower the PTAB to use the broadest reasonable interpretation standard when adjudicating validity is an issue that warrants serious judicial review. This is particularly true since only 4% of patents emerge from PTAB trials unscathed. The Federal Circuit's 6 to 5 refusal of *en banc* review demonstrates a narrowly divided difference of opinion on the correct approach to claim construction in *inter partes* review and the authority of the Director. *See Cuozzo II.*

One set of Federal Circuit jurists declares that the PTAB's use of the broadest reasonable interpretation standard is reasonable, based on its traditional application in the examination and reexamination environment, an environment where claims are malleable. Another group questions whether the Director has any authority under the AIA to set substantive standards for adjudicating invalidity, including the standard for proper construction. Without doubt, the AIA provides the Director with the express authority to set certain "standards" pursuant to 35 U.S.C. § 316(a), but it is silent about the Director's authority to set standards for substantive determinations of patentability, including claim construction.

The fact that *en banc* Federal Circuit review failed by only a single vote means that the Supreme Court is the only venue for further judicial consideration of this important issue. The need for review is magnified by the fact that the AIA is a new statute, and that the Federal Circuit is thoroughly divided in its interpretation. Chief Judge Prost in her dissent from *en banc* denial explains IPR "is a new, court-like proceeding designed to adjudicate the validity of issued patent claims. In adjudicatory proceedings, claims are given their actual meaning, not their broadest reasonable interpretation." *Cuozzo II* at 1299 (Prost, J., dissenting). "Congress was not legislating within an already existing regime." Id. at 1300.

The contrast in outcomes between IPRs and reexaminations demonstrates that IPRs are not "business as usual" at the USPTO. Congress not only provided a new proceeding, it carefully restricted the

Director's authority to establish only regulations for certain standards unrelated to adjudicating patentability. Congress did not grant authority for the Director to apply a traditional USPTO examination standard to replace the judiciary's long-standing "plain and ordinary meaning" standard. A grant of certiorari will assuage the pressing need to clarify this standard.

II. THE FEDERAL CIRCUIT'S DECISION TO UPHOLD THE USE OF THE BROADEST REASONABLE INTERPRETATION STANDARD FOR *INTER PARTES* REVIEW IS INCORRECT

A. Congress Expressly Provided for the Director to Use the Broadest Reasonable Interpretation Standard in *Inter Partes* Reexaminations

Prior to Congress creating *inter partes* review, 35 U.S.C. § 314 was titled "Conduct of inter partes reexamination proceedings" and contained the following text (emphasis added):

> Except as otherwise provided in this section, ***reexamination shall be conducted according to*** the ***procedures established for initial examination under the provisions of sections 132 and 133***. (emphasis added)

Section 132, "Notice of rejection; reexamination," and section 133, "Time for prosecuting application," appear in Chapter 12, which is titled "Examination of Application." During examination of patent applications, USPTO examiners apply the broadest reasonable interpretation standard. *See Cuozzo I* at 1276 ("[t]his court has approved of the broadest rea-

sonable interpretation standard in a variety of proceedings, including initial examinations and reexaminations.").

The broadest reasonable interpretation is appropriate in the "examination of pending applications, as the applicant and the examiner interact to define the invention so as to distinguish or avoid overlap with prior art." *Id.* at 1286 (Newman, J., dissenting) (citing *In re Zletz*, 893 F.2d 319, 321-22 (Fed. Cir. 1989)). "Giving proposed claims their broadest reasonable interpretation 'serves the public interest by reducing the possibility that claims, finally allowed, will be given broader scope than is justified.'" *Id.* (citation omitted).

B. In the AIA, Congress Chose Not to Designate Examination Standards, such as the Broadest Reasonable Interpretation, For Use in *Inter Partes* Reviews

In the AIA, Congress struck the entire text of 35 U.S.C. § 314, including its reference to the use of examination procedures in sections 132 and 133. Section 314 is now titled "Institution of *inter partes* review" and includes the following:

> The Director may not authorize an inter partes review to be instituted unless the Director determines there is a reasonable likelihood that the ***petitioner would prevail*** with respect to at least 1 of the claims challenged in the petition. (emphasis added)

In an IPR, a petitioner "prevails" by showing that one or more claims of a patent should be cancelled "on a ground that could be raised under section 102 or 103 and only on the basis of prior art consisting of

patents or printed publications." *See* 35 U.S.C. § 311(b).

Notably, the AIA did not make any reference in the new version of section 314 to the PTAB conducting IPRs "according to the procedures established for initial examination under the provisions of sections 132 and 133." Instead, the AIA set forth section 316, which specifies the scope of regulations the Director can prescribe for IPRs. Section 316 contains no express authorization for the USPTO to establish any substantive standards, let alone the right to establish regulations for construing patent claims or evaluating invalidity under section 102 or 103. Congress could have expressly given the Director this authority in section 316 or maintained the use of "examination procedures in Section 132 and 133," but Congress chose not to do so.

C. Congress Did Not Provide the Director the Authority to Prescribe Regulations Establishing a Claim Construction "Standard" for IPRs Apart from the Plain and Ordinary Meaning Established by the Judiciary

Section 316, which authorizes the Director to prescribe regulations, is titled "Conduct of *inter partes* review." "The word 'conduct' connotes procedure. Section 316 identifies areas whose conduct is assigned to the [US]PTO, including public access to proceedings, discovery rules, and the right to a hearing." *Cuozzo I* at 1290 (Newman, J., dissenting). As Judge Newman indicates, there is "no authorization to the [US]PTO to change the law of how claims of issued patents are construed." *Id.* (citation omitted).

When Congress meant to provide the Director with the authority to set standards pursuant to section 316, Congress did so by explicitly authorizing the following:

> setting forth the ***standards*** for the showing of ***sufficient grounds to institute*** a review under section 314(a) (35 U.S.C. § 316(a)(2));
>
> setting forth ***standards*** and procedures ***for discovery*** of relevant evidence (35 U.S.C. § 316(a)(5));
>
> setting forth ***standards*** and procedures for ***allowing the patent owner to move to amend*** the patent (35 U.S.C. § 316(a)(9)).

These authorized standards are all limited to processes or thresholds for procedural activity, such as institution (with the substantive threshold for institution specified in section 314), discovery, and moving to amend. These are analogous to pleading and discovery rules in the Federal Rules of Civil Procedure. Section 316 does not specify authority allowing the Director to establish standards on substantive matters of validity and the construction required to assess validity. *See* 35 U.S.C. § 311(b) ("A petitioner in an *inter partes* review may request to cancel as unpatentable 1 or more claims of a patent only on a ground that could be raised under section 102 or 103.").

D. The *Cuozzo I* Panel Majority's Reliance on Section 316 as Support for Director Authority to Set Claim Construction Standards is Misplaced

The *Cuozzo I* majority concluded that "section 316(a)(4) further provides the USPTO with authority

to prescribe regulations 'establishing and governing *inter partes* review under this chapter and the relationship of such review to other proceedings under this title.'" *Cuozzo I* at 1278. The majority goes on to assert that regulation calling for use of the broadest reasonable interpretation standard "presents a reasonable interpretation of the statute." Id. at 1279.

> [T]he language of § 316 readily covers the specific action the [US]PTO has taken here, which is the opposite of a sharp departure from historical practice. The USPTO has merely embodied in a regulation the approach it has uniformly applied, even without rulemaking, when it is interpreting 'claims' to assess patentability. *Id.* at 1279.

However, as explained above, there is no basis for extending any portion of section 316 to allow the Director to set substantive standards used by the PTAB to construe claims when adjudicating patent validity First, section 316 is limited to procedural "conduct." Second, the plain meaning of the words used in section 316(a) show that Congress knew how to authorize the Director to set "standards" when it chose to do so, and it did not do so in section 316(a)(4). Third, Congress intended *inter partes* reviews to be a new post-grant review system, before a new adjudicatory body (the PTAB), acting as a surrogate for a district court and reviewing validity in a court-like proceeding. *Cuozzo I* at 1284 (Newman, J., dissenting) (citing H.R.Rep. No. 112–98, pt. 1, at 48, 68 (2011), 2011 U.S.C.C.A.N. 67, 78, 92). In a court-like proceeding, Congress intended "court-like" standards for assessing validity to apply, including

the plain and ordinary standard for determining the proper construction of patent claims.

E. The *Cuozzo I* Panel Majority's Reliance on the USPTO's Long History of Applying the Broadest Reasonable Interpretation Standard in Examination and Reexamination Proceedings is Misplaced

The *Cuozzo I* majority states:

> [t]his court has approved of the broadest reasonable interpretation standard in a variety of proceedings, including initial examinations, interferences, and post-grant proceedings such as reissues and reexaminations. Indeed, that standard has been applied in every [US]PTO proceeding involving unexpired patents. In doing so, we have cited the long history of the USPTO's giving claims their broadest reasonable construction." *Cuozzo I* at 1276-77

The majority goes on to assert "[t]here is no indication that the AIA was designed to change the claim construction standard that the USPTO has applied for more than 100 years." Id. at 1277.

However, an "*inter partes* review is neither a patent examination proceeding nor a patent reexamination proceeding. *Idle Free Sys v. Bergstorm*, 2014 WL 824156, at *19 (Patent Tr. & App. Bd.) "In the PTAB's words, '[a]n *inter partes* review is a trial, adjudicatory in nature [which] constitutes litigation.'" *Cuozzo I* at 1288 (Newman, J., dissenting) (citing *Google Inc. v. Jongerius Panoramic Techs., LLC*, IPR2013–00191, Paper No. 50, at 4 (Feb. 13, 2014)).

As Judge Newman notes, "[t]he extensive congressional criticism of the now-discarded *inter partes* reexamination belies the majority's 'inference' that Congress silently approved practices it was not explicitly adopting. These discarded practices resulted in lengthy delays as well as indecisive results." *Id.* (citation omitted).

> The America Invents Act was designed to remedy these flaws, and to provide an adjudicatory proceeding with the benefits of adversary participation. Thus the Act provides for discovery, witnesses, argument, and other litigation procedures. The House Report explained that Congress intended to "convert" *inter partes* reexamination "from an examinational proceeding to an adjudicative proceeding." *Id.* (citation omitted).

The stark difference in the treatment of amendments in IPRs makes clear that IPRs are wholly different from reexamination. "Patent prosecution is a fluid exchange between the examiner and the applicant, and the expedient of broadest reasonable interpretation during examination is based on, and depends on, the applicant's right to amend the claims." *Cuozzo I* at 1287 (Newman, J., dissenting). "In routine examination and reexamination, the amendment of a claim is a back-and-forth process between an examiner and the applicant, who may present amendments and new claims." *Id.*

Unlike reexamination, in an IPR,

> [t]he proposed substitute claims are not entered automatically and then subjected to examination. Rather, the proposed substitute

> claims will be added directly to the patent, without examination, if the patent owner's motion to amend claims is granted. As the moving party, a patent owner bears the burden to show entitlement to the relief requested. *Idle Free Systems*, 2014 WL 824156, at *19.

The burden is "on the patent owner to show general patentability over prior art." *Id.*

As Judge Newman points out:

> The majority trivializes this difference, curiously stating that these post grant proceedings do not "involve any restriction on amendment opportunities that materially distinguishes IPR proceedings from their predecessors in the patent statute." That is incorrect. Amendment in post-grant validity proceedings is not of right, and thus far appears to be almost entirely illusory. *Cuozzo I* at 1288 (Newman, J., dissenting).
>
> It is beyond debate that *Inter Partes* Review does not allow the kind of iterative amendment process that is part of the "broadest reasonable interpretation" protocol in examination. The restricted role of amendment in the America Invents Act proceedings comports with the intended and expected "correct" claim construction, not the broadest claim construction. It comports with district court practices in adjudication, not USPTO practices in examination. *Id.*

The amendment procedures in an IPR are most akin to the rules applied to expired patents in reex-

amination, since the claims cannot be amended. In this situation, "claim construction pursuant to the principle set forth by the court in *Phillips v. AWH Corp.*, 415 F.3d 1303, 1316 (Fed. Cir. 2005) (words of a claim 'are generally given their ordinary and customary meaning' as understood by a person of ordinary skill in the art in question at the time of the invention) should be applied since the expired claims are not subject to amendment." *Id.*

Further, the America Invents Act

> refers to the "proper meaning of a patent claim," see 35 U.S.C. § 301(d) (referring to "the proper meaning of a patent claim in a proceeding that is ordered or instituted pursuant to section 304, 314, or 324"). The "proper meaning" is the correct meaning, applying the law of claim construction. The new USPTO regulation authorizing "broadest reasonable interpretation" in these post-grant proceedings defeats "the will of Congress as expressed in the statute." *Id.* at 1290 (citation omitted).

CONCLUSION

In the case of disparate patent claim construction standards in the courts and the USPTO, as endorsed by the *Cuozzo I* majority, the same government issued patent property will have different boundaries in concurrent proceedings before the PTAB and the courts. This anomalous result, contradicting well over a century of black letter patent law, is a direct result of the Federal Circuit acting out of step with established precedent for analyzing an agency's rule making authority, and erroneously relying on the unique traditions of the USPTO in proceedings unre-

lated to the newly created *inter partes* review proceedings. The resulting harm to the patent system is real, serious, and increasing as the number of pending IPRs grows each day. This Court has the opportunity to restore its jurisprudence to patent validity determinations issuing from the USPTO, and it should do so before the problem grows even further. For all the foregoing reasons, IPO respectfully requests that this Court grant Cuozzo's petition for a Writ of Certiorari.

Respectfully submitted,

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1. IPO procedures require approval of positions in briefs by a two-thirds majority of directors present and voting.

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